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Bianchi, Constanza (2010) *Inward exporting of professional services : lessons from an exploratory study of Australian educational firms*. Services Marketing Quarterly, 31(2). pp. 174-193.

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Inward Exporting of Professional Services: Lessons from an Exploratory Study of Australian Educational Firms

ABSTRACT

Inward export activities for services companies have been largely neglected in the literature. Little is known about how professional service firms export to overseas consumers who travel to the domestic market of the firm. This study utilizes a resource-based perspective (RBV) to explore the main barriers and drivers of export performance for professional education services. A case study of Australia's education industry, as well as interviews with executives from four Australian education institutions, was conducted. Findings show that inward exporters confront most barriers in the domestic market where the service is provided, and drivers of export performance combine firm- and country-specific resources.

Keyword: inward exports, professional services, education, Australia

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INTRODUCTION

The service industry has become a prominent sector of the global economy. In particular, professional service sectors such as consulting, advertising, and banking are becoming important components of the economy in developed countries such as New Zealand, Australia, the United Kingdom, the United States, Canada, and Scandinavia (Javalgi & White, 2002; Sanchez-Peinado, Pla-Barber, & Hébert, 2007). These service firms are proactively seeking and are encouraged to develop business opportunities beyond their domestic markets.

A critical issue facing services firms is how to succeed in the international arena. The intangible, perishable, inseparable, and heterogeneous characteristics that distinguish services from manufactured goods (Shostack, 1977) makes exporting services a challenging process. For example, many traditional channels of distribution are neither applicable nor accessible to services exporters since there is nothing tangible to transport or distribute (Javalgi, Martin, & Todd, 2004). In addition, services are delivered by employees who are embedded in their own cultural contexts; thus, it is difficult to standardise and “produce” them in the same way abroad as in the home market (Stauss & Mang, 1999).

Considerable effort has been made by researchers to improve our understanding of the export of services (Patterson, 2004). Research on international services has addressed topics such as the export barriers of services (Dahringer, 1991; Samiee, 1999; Smith, Gregoire, & Lu, 2006), modes of entry into foreign markets (Ekeledo & Sivakumar, 1998; Erramilli & Rao, 1993; Vandermerwe & Chadwick, 1989), and drivers of export performance (Styles, Patterson, & La, 2005; Winsted & Patterson, 1998). Most of this research concentrates on

how and why professional firms in the advertising, financial and legal sectors expand internationally.

Conversely, some professional services such as education and healthcare differ from other sectors in that they engage in international activities without moving abroad (Orava, 2002). These firms provide services to foreign consumers in their domestic market, and therefore require mobility on the part of the overseas consumer. For example, during the last decade there has been an increase in the number of overseas students in Australia engaging in higher education, vocational studies, language training, and high school education, making this industry Australia's second largest export sector in 2007 (Hall & Hooper, 2008). Australian education firms rarely have offshore programs, so overseas students have to come to Australia to consume the service (Hall & Hooper, 2008).

Scant research in the international services and services marketing literature has addressed this inward form of exporting services. Inward international activities have been largely neglected in the literature until recently, particularly in the services sector (Welch & Luostarinen, 1993). Inward exporters provide their service domestically to overseas consumers rather than moving abroad (Bjorkman & Kock, 1997). Although there are common characteristics to all international service sectors, the unique characteristics of inward exporters of services may lead to barriers and drivers of international performance that are unique to this service sector.

Drawing from the resource based perspective (RBV), which suggests that competitive advantage stems from the possession and deployment of resources that are in some way superior to those of competitors (Barney, 1991), and following several calls for further research on international services and consumer mobility (Knight, 1999; Pauwels & Ruyter, 2005; Rialp & Rialp, 2006), the objective of this study is to expand our knowledge of the inward exporting of professional service firms, which is a topic that is neglected in the

literature. The specific goal is to understand in more depth the main barriers that exporters such as education firms confront and the key drivers of international performance.

LITERATURE REVIEW

Internationalization is a process through which a firm moves from operating solely in its domestic market to operating in international markets (Johanson & Vahlne, 1977). International services are defined as “deeds, performances, efforts, conducted across national boundaries in critical contact with foreign cultures” (Clark, Rajaratnam, & Smith, 1996, p.15). Several classifications of international services have been proposed in the literature (Clark & Rajaratnam, 1999; Erramilli, 1990; Patterson & Cicic, 1995). Erramilli (1990) classified international services into hard services (i.e., consumption can be separated from production), and soft services (i.e., production and consumption are simultaneous). Patterson and Cicic (1995) also developed a classification of international services based on two dimensions: the degree of intangibility of the service and the level of proximity or face-to-face contact with the client during the service delivery. Likewise, Clark and Rajaratnam (1999) developed a classification scheme for international services depending on what crosses the border (i.e., people or vehicle) and the level of intangibility of the service. Overall, these studies predominately classify international services by their degree of intangibility and the level of personal contact required.

Within these classifications, professional services are considered highly intangible and require close interpersonal contact between provider and consumer. Services that are high on both dimensions (e.g., intangible and require close proximity) are considered the most affected by host environmental factors such as national culture (Clark et al., 1996). In addition, a large amount of expertise from the service provider is required and the quality of

the service cannot be easily evaluated by the consumer; therefore, referrals play an important role in attracting consumers.

More specifically, the professional service of education is considered a continuous service in the sense that it usually takes a period of time to consume (Patterson, Romm, & Hill, 1998). Courses typically take at least one semester and the evaluation process continues throughout the whole period of interaction between the organization and service provider. In addition, the perishable, inseparable, and heterogeneous characteristics of education services (Shostack, 1977) present specific problems when trying to export education to another part of the world. For instance, the intangible nature of education makes it very difficult for international students to evaluate what is being purchased beforehand, given that the education experience cannot be trialed in advance of the purchase. Potential students are forced to rely on alternative cues (e.g., brochures, advertising, word of mouth, discussion with agents) to assess what they are likely to receive. The inseparability of education services is also challenging in that they are produced and consumed at the same time, and require close contact between the service provider, overseas student, other staff, and other students. Finally, heterogeneity means that the service provider (i.e., the lecturer) rarely delivers consistent performance quality.

An emerging body of research questions how professional service organizations enter foreign markets and what marketing strategies they employ once they are established to succeed. This research has centered predominantly on the outward international activities of professional and business-to-businesses services (Cicic, Patterson, & Shoham, 2002; Coviello & Martin, 1999; Styles et al., 2005). According to these studies, service firms follow various stages in the process of internationalization, from initially exporting services by trans-human travelling (e.g., service provider travels to the host country where the consumer is located) to the establishment of overseas operations in an evolutionary manner.

Moreover, the export process for professional service firms is generally initiated by formal and informal networks of relationships, as well as client following (Coviello & Martin, 1999). For intangible services that need close consumer contact with the service provider, as in professional services, entry modes such as direct service provision or the establishment of branch offices are most often chosen by firms (Coviello & Martin, 1999; Erramilli & Rao, 1993; Winsted & Patterson, 1998). Furthermore, service firms entering unstable markets are also found to prefer full-control entry modes (Sanchez-Peinado et al., 2007). Thus, differences in these service classifications can affect several elements of the internationalization process such as the mode of entry, barriers to entry, degree of cultural sensitivity and the international marketing strategy

Services Export Barriers

Previous research suggests that export barriers negatively affect firm performance (Cicic et al., 2002). The literature identifies several barriers related to the host environment and to the service organization that affect professional service exporters (Patterson, 2004; Reardon, Erramilli, & Dsouza, 1996; Samiee, 1999; Smith et al., 2006). The first type of export barrier involves host environment-specific constraints such as government regulations, market related problems (e.g., slow market development, poor infrastructure, service quality issues, and consumer firm relationships), cultural differences, staffing and personnel, and competitive intensity of the host market (Dahringer, 1991; Fugate & Zimmerman, 1996; Samiee, 1999; Smith et al., 2006). All of these barriers result from service firms physically moving abroad and thus arise in the host market where the consumers are located.

Cultural differences have particularly been found to be an important barrier in the export of professional services across countries due to the close contact required by service providers and consumers (Li & Guisinger, 1992; Reardon et al., 1996). Research has shown

that culture can affect service quality evaluations (Liu, Furrer, & Sudharshan, 2001; Malhotra, Ulgado, Agarwal, Shainesh, & Wu, 2005; Mattila, 1999; Stauss & Mang, 1999; Winsted, 1997), service quality expectations (Donthu & Yoo, 1998) and service encounter satisfaction (Winsted, 1997). While consumers increasingly interact in their own markets with service providers from other countries, few studies explore the impact of cross-cultural encounters when consumers are located in a foreign country (Stauss & Mang, 1999). Language and communications styles can also create a considerable barrier to the development of close personal relationships between consumers and providers (Feely & Harzing, 2003). The communication of ideas and concepts is culturally bound and difficult to achieve without non-verbal cues, which remain hidden in some forms of communication.

The second type of barrier involves organizational or firm-specific constraints, which include low commitment from top management, lack of financial resources, lack of international expertise, and scant foreign contacts (Patterson, 2004). Very few studies have identified export barriers in the domestic market of the firm. Only one study has mentioned that government restrictions for exporters and the availability of export services can become a barrier for exporting service firms (Smith et al., 2006). Thus, export barriers for professional and business-to-business services are predominantly firm-specific or derive from the foreign market where the consumers are located.

Services Export Performance

Export performance for professional services is mostly related to firm-specific variables such as firm size and reputation, financial assets, the commitment and international experience of managers, relationship and network development, and entrepreneurial spirit (Cicic et al., 2002; Cort, Griffith, & White, 2007; Gourlay, Seaton, & Suppakitjarak, 2005; Javalgi, Griffith, & White, 2003; Spar, 1997; Styles et al., 2005; White, Griffith, & Ryans, 1998). For

example, Cicic et al. (2002) found that service firms that involve more senior management in international decision-making provide a higher level of support to foreign consumers and foreign offices, and outperform other firms. Javalgi et al. (2003) also found that management's attitude towards exporting positively affected the outcomes of the firms. Furthermore, Styles et al. (2005) found that more intangible service firms have specific export performance drivers such as professional reputation, high levels of technical skills among staff, intellectual property of the firms, and international experience. Similarly, the authors showed that services with high face-to-face contact had key performance drivers such as high levels of consumer service, interpersonal skills, and a local presence in some form.

INWARD EXPORTATION OF EDUCATIONAL SERVICES

Once firms are successful in the domestic marketplace, they typically leverage their resources to engage in international expansion. However, the export process of service firms can also be reversed. Services are considered to be international not only when they expand abroad but rather when one of the following occurs: (1) movement of service providers to consumers abroad; (2) movement of foreign consumers to the service provider's country; 3) movement of both consumers and providers; and (4) no movement by either consumers or providers due to service delivery through objects, technological vehicles, or assets (Gronroos, 1999).

Bjorkman and Kock (1997) define inward internationalization as activities related to foreign consumers moving to the firm's premises in the country where the firm is located. This requires consumers to travel to the provider's country in order to obtain the delivery. Thus, the service is both produced and consumed in the home market because of local resources or the impossibility of moving the service abroad. Inward internationalization usually corresponds to services offered by location-bound organizations that attract foreign

consumers to their domestic market, often in the education, health, and entertainment industries. For example, Bjorkman and Kock (1997) examined tourist destination services consumed in the domestic country and found that firms hoping to export their services were mainly focused on attracting foreign consumers through agents, word of mouth, direct mailing, and the internet. Although some of these firms may decide to provide their service in a foreign market in the future, most of their international activity involves attracting foreign consumers to the domestic market. Thus, for this study, we will conceptualize *inward exporting* as the process of providing service to overseas consumers in the domestic market of the firm.

Coviello and Martin (1999) argue that within the professional services sector there are considerable differences among diverse sectors; thus, inward exporting may generate a different set of barriers and drivers of performance. This is consistent with La et al.'s (2005) contingency approach, which suggests that the internationalization process and barriers depend on the characteristics of the service sector. The authors contend that export managers in service firms need to first identify where their firms are placed on the tangibility/face-to-face contact dimensions and then identify what are likely to be the most important drivers of export performance. For example, in service firms requiring high levels of face-to-face contact, people-related factors are critical. These factors include the relational competence of key frontline staff and process quality (i.e., how the service is delivered by staff in terms of courtesy, respect, assertiveness, professionalism). We argue that consumer mobility may generate a specific set of barriers and drivers of performance for inward service exporters.

This study draws on the theoretical perspective of the resource-based view of the firm (RBV), which views firms as unique bundles of resources that provide the basis upon which a competitive advantage can be pursued (Barney, 1991). A firm's resources include all assets, capabilities, organizational processes, information, and knowledge controlled by the firm that

enables it to implement successful relationships. However, the potential to confer a competitive advantage is not inherent in all resources but rather in those that meet a rigorous set of conditions: they are valuable, rare, imperfectly mobile, and imitable (Barney, 1991). Resources are considered valuable when they enable a firm to conceive or implement strategies that improve the firm's efficiency or effectiveness (Barney, 2001). In addition, resources must be rare. If valuable resources are possessed by a large number of competitors, they are no longer a source of competitive advantage. Third, there must be a condition of imperfect mobility of resources, including those that are idiosyncratic to the firm. Finally, there must be a resource position barrier that prevents imitation by other firms.

Service firms must seek to identify the resources they possess that meet this criteria and leverage such resources in either the domestic market of the firm, the host country of the consumer, or both. Country-specific resources derive from the resource endowments of countries, such as country of origin image (Javalgi & White, 2002). Thus, in the international context, service export performance is likely to be based on some combination of firm-specific and home/host country-specific resources and capabilities.

Drawing from the previous theoretical approach, the purpose of this exploratory study is to extend the international services literature by exploring the inward export process of professional service firms in more depth and attempting to identify the specific export barriers and drivers of export performance for Australian education firms. The following research questions will be addressed:

1. What are the most important barriers faced by educational service exporters that provide their service to overseas consumers in the home market of the firm?
2. What are the key drivers of international performance for education service exporters?

RESEARCH METHODOLOGY

Due to the unexplored nature of the research questions, this research was conducted in 2008 using an exploratory, cross-case study methodology (Yin, 1994). The use of qualitative research methods such as case studies and interviewing has become well established in the international services literature (e.g., Styles et al., 2005). This study included a case study analysis of the Australian education industry, along with interviews conducted with executives from four Queensland education institutions that have been exporting their services for at least five years. These firms comprised a Higher Education organization, an English Language institution, a Vocational Education and Training institution, and an international High School. They were selected because they were well established in the industry and good representatives of each sector of the Australian education industry.

Based on the recommendations of McCracken (1988), the fieldwork included semi-structured in-depth interviews with eight managers from the four firms under study in order to gain insights into the research questions. The respondents were executives involved with the international marketing and development management of these firms. Interviewees possessed experience in several international markets and were chosen to ensure diversity within the sample in terms of business sector and international activity (see Figure 1).

Insert Figure 1 here

To ensure adequate reliability, a semi-structured interview protocol based on previous literature was used to guide the interview process and ensure comparability among responses. The protocol included questions about perceptions of export barriers, strategies for attracting consumers to the domestic market, and perceptions of drivers of export performance. Interviews were conducted during a six month period and had an average duration of 55 minutes. Respondents were not compensated for their interviews. All interviews were tape recorded and transcribed, and inferences resulted from the process of analysis and

interpretation (Spiggle, 1994). Triangulation of the data was achieved through content analysis of secondary sources such as company reports, industry reports, and newspaper articles. Informants were recruited by the author based on their representativeness and knowledge of the export process of their firms, and willingness to participate. Their real names have been changed for purposes of confidentiality.

The four education service organizations under study show strong growth in the number of overseas students serviced by their institutions, but none of the firms had operations abroad. However, two of the firms were contemplating the possibility of starting operations in other countries in the near future. Firm 1 is a university business school that has been servicing foreign students for more than 15 years. They have a prestigious regional Masters and MBA program in the domestic market, as well as an undergraduate program. Firm 2 is an English Language school that services overseas students who intend to enter Australian universities or vocational institutes, but also provides English courses to foreign company executives that come for a short period of intensive learning. Firm 3 is a Vocational Education organization that provides courses and training to domestic and international students. Firm 4 is an international High School that provides its service in the domestic market but has engaged in partnerships with other international schools for the purpose of student exchange and staff recruitment and training.

Australian Exports of Services

Since 1982, Australian educational service exports have grown at an average annual rate of 14% in terms of volume (Hall & Hooper, 2008). A\$12.6 billion of education services were exported in 2007 and 97% was delivered onshore to foreign students that travelled to Australia (Hall & Hooper, 2008). This year, education displaced leisure travel services as Australia's largest service export and become Australia's third largest export behind coal and

iron ore (Australian Bureau of Statistics 2008). The contribution of education services to Australia's export growth has risen markedly over the recent decade, assisted in large part by the Australian Government's decision to allow educational institutions to offer places to full-fee-paying overseas students since 1986 (Hall & Hooper, 2008).

The education industry in Australia can be classified into four major sectors: Higher Education, English Language intensive courses for overseas students (ELICOS), Vocational Education and Training (VET), and schools. Higher education makes the largest contribution to exports of education services and represented 60% of total education services in 2007. In particular, the growth reflects both changes in the global economy and structural changes in Australia's education sector, including changes in government policy.

Until the mid 1980s nearly all overseas students studying in Australia were either fully or partially subsidized by the Australian government. However, in 1985 a new policy introduced a number of measures such as allowing universities and other educational institutions to offer places to full-fee-paying overseas students, which encouraged the development of Australia's education export sector. These changes in Australia's education policy occurred at a time when the Asian economies were experiencing rapid economic development, resulting in significant increase in demand for university education. This increase was also fueled by Australia's proximity and close trading relationship with the Asian region, as well as course offerings in English that were particularly attractive to overseas students. Competitively priced tuition fees have also assisted Australian institutions in capturing a large share of the market. Australia ranked as the fifth largest recipient of overseas higher education students, and the third largest for English speaking destinations overseas, after the United States and the United Kingdom (Australian Education International 2009).

RESEARCH FINDINGS

Based on the case study data and interviews, a model of inward export performance is proposed in Figure 2.

Insert Figure 2 here

All interviewees agreed that Australian education is positioned as good value education compared to alternatives in the United States and United Kingdom. The Australian firms' main export markets concentrated in Asian countries such as China, India, Malaysia, Taiwan, Hong Kong, the Middle East, and other Asian markets that are geographically close to Australia. According to the interviewees, Australian educational institutions do not focus much on Latin American or Hispanic markets because they do not have a competitive advantage and due to the cost of recruitment in terms of money and time:

We don't teach Spanish; we don't teach Portuguese; we don't have Latin American studies in our program. So we are always sort of being behind because this is not one of our strengths (Interviewee 8).

Main Barriers Facing Educational Service Exporters

The findings from the case studies show that the main export barriers for professional education services are located in the domestic market of the firm where the service is provided.

Australian Immigration Policies

First, most of the interviewees thought that Australian immigration rules and policies were important barriers for exporting educational services to foreign markets. Some countries had large difficulties sending their students to study in Australia due to these immigration requirements. One interviewee, who worked for an international university, described some of the problems encountered:

Australian visa regulations are much more difficult to obtain for students in some countries compared to visa regulations of students from the UK or even the USA, to some extent. Australian Government runs a risk level for visas and China, which is a big market, it takes them longer to get a visa and they have additional restrictions applied, so that's always a problem (Interviewee 1).

Exchange Rate Fluctuation

A second important barrier mentioned by the interviewees was the exchange rate of the domestic currency. When a foreign currency weakens against the domestic currency, consumers often do not want to commit to an educational service because of their inability to predict its fixed cost. Similarly, when the currencies of competing countries weakened, foreign consumers changed their preferences to align with the currency fluctuations. Thus, currency exchange rates are a latent barrier for service exporters, but this is not under the firm's control. This issue was exemplified by the comments of the following interviewee, who is an international high school manager:

Another big difficulty has to do with the Australian dollar. We live and die by the currency exchange. If...the local currency against the Australian dollar weakens and the student is looking at a 4-5 year program and whether that program cost is not fixed..., it is very difficult for parents to make a commitment if you can't predict the cost (Interviewee 7).

Cultural Differences

Cultural differences were also mentioned as important barriers for internationalizing consumer services but were more relevant in the domestic market, specifically during the service encounter. Cultural differences between foreign consumers and local providers produced misunderstandings, unacceptable behavior, and dissatisfaction. Language was an especially important barrier during the service encounter, which hindered consumer expectations. This is consistent with previous research on the effect of cultural and language differences on service quality expectations and satisfaction (Donthu & Yoo, 1998; Winsted, 1997). Cultural differences were described by the following interviewee:

The thing that we are most concerned about is that we meet or exceed the foreign consumer's expectations. Overseas students put a lot of effort in to visit a new country and engage in learning, so if they come here and find something different, that is a major problem for us because then we haven't delivered well our promise, so it is very important to understand exactly what these consumers expect from us (Interviewee 3).

Another interesting finding that emerged from the interviews was that cultural similarity among consumers did not necessarily increase performance because foreign consumers expected to find cultural differences as part of their international experience. For example, students valued sharing their leisure activities with other foreign students and with Australians as well. International students also valued diversity in the classroom in Australia as opposed to confronting a homogeneous group of classmates from their own country. They looked forward to meeting people from other parts of the world in Australia, as mentioned by one respondent:

We look at new markets because part of our challenge is to keep the lecture classes as diverse as possible. We don't want to have a group of 15 Chinese students or 13 students from Korea. We want to have diversity because that's what students come for. So our challenge is to not just grow in the numbers, but grow in a way that we keep that diversity (Interviewee 2).

Overall, the data shows that most of the barriers for educational service exporters are located in the domestic market where the service was provided. However, service firms that promoted their services by sending personnel abroad encountered additional barriers in the foreign market, but these were considered less relevant. For example, respondents reported that their Australian personnel had encountered difficulties obtaining visas to travel to specific markets to promote or provide their service, or to participate in trade shows.

Drivers of Export Performance

When considering the main drivers of export performance for education service firms, respondents mentioned that providing international levels of service quality, developing permanent marketing promotional activities, leveraging country-of-origin image, and

belonging to domestic and international networks and partnerships helped consumer services exporters to overcome the export barriers mentioned in the previous section.

Service Quality

Respondents agreed that to compete internationally, their service had to meet international quality standards. Education services thus needed to recruit academics, teachers, and professional staff that could deliver the service at a standard equal to education firms from other developed nations. Several interviewees highlighted the importance of quality standards for achieving international accreditations, which provide tangible quality cues for international consumers:

There is recognition that this is a good language school. It has built a reputation over time. We have a lot of repeat clients who come back every year. This is based on providing a good service, a good quality of education, and also recognizing that the international students need support. I think that we offer a good service to our students because we make sure that we comply with international standards (Interviewee 6).

Communication Activities

Educational institutions permanently engaged in a wide range of communication activities to attract foreign consumers to the domestic market. International managers considered these marketing activities to be fundamental to creating and maintaining brand awareness for the educational sector due to the highly competitive nature of the industry. These activities included promotion through agents, participation in trade shows, the development of internet websites, direct marketing, international visits by company staff, establishing relationships and partnerships with relevant foreign actors, and (most importantly) word-of-mouth. All of the education firms had their own website that connected to study finders and provided information about the service, as well as the immigration requirements needed for foreign consumers to travel to the domestic market. The role of positive word-of-mouth was considered essential for international performance. Interviewees mentioned that happy

consumers were the best ambassadors for their services abroad and more than 50% of the consumers were recruited through positive word-of-mouth, as described by the following interviewee:

We have been servicing international students for a long time. There is good strong word of mouth recognition that we are a good company. We have built a strong reputation over time. Our consumers trust us and this is why they recommend us (Interviewee 5).

International Agents

All of the firms under study had a network of agents who promoted their service in several countries, but more strongly in the Asian and Middle Eastern markets. These agents were not exclusive to one firm but shared among service exporters from different industries. For example, several agents promoted Australian education services (i.e., Universities, Colleges, and Schools) as well as tourist destinations (e.g., the Gold Coast and Sunshine Coast). The firms interviewed also regularly sent their own people to visit potential consumers of their services and to establish strong relationships with relevant social actors such as governments, educational institutions, travel agencies, and agents. This was exemplified by an interviewee from an international language school:

Students will be recommended to come to us by one of our agents, and we have a global network of agents who represent our interests in many countries. Sixty percent of our students come to us through an agent. However, we don't have any exclusive arrangement with an agent because it would be very expensive, so our agents represent other educational institutions in Australia as well (Interviewee 2).

Government Support and Networks

Another driver of international performance mentioned by interviewees was government support at the state and national level, which was very valuable to the export of tourism, entertainment, and education services. In terms of country networks, all the firms had established relationships with country-specific research centers, trade associations, educational institutions, and skilled individuals to some level. Although these firms competed

against each other nationally, there seemed to be a strong sense of national unity when promotion this sector abroad. Respondents reported an exchange of information intelligence and marketing practices among educational institutions and joint promotional efforts abroad.

In addition, these firms had strong links with tourist entities, such as the City Council, State and National tourism organizations, to promote Australia as a credible educational destination. For example, Firm 1 had a partnership with another university located in an Asian country. Firm 4 engaged in a regional network of international schools that allowed the regional exchange of students, knowledge, and staff. Lastly, top managers and owners of these firms engaged in several networking activities and participated in international events with other business groups located in their regions:

We have just been in Latin America with Australia Education Institution, and they were there to organize the event offshore and we participated with other Australian universities. It provides an image of Australia as a destination. In that way they are very supportive. They help in visits to markets and help profile Queensland and coordinate among the various sectors, and that is good support (Interviewee 4).

Country-of-Origin Image

The international marketing managers interviewed considered that the country image of Australia provided a favorable positioning strategy and a clear differentiation with respect to other regions of the world. Interviewees considered that country-of-origin played a significant role in providing a tangible cue to shape service perceptions and act as a proxy for quality in an international context. Most interviewees believed that foreign consumers of Australian education services chose the country in which to study prior to deciding on the specific educational institution. They believed that decision making was based as much on the attractiveness of the country as the reputation of the education organization. Thus, country branding and promotion was very relevant to these firms. Although there is still little integration among service firms to present a consistent national image to foreign consumers, international managers felt it was important to participate in government-organized trade

shows that promoted the different industry sectors internationally. Similarly, free trade agreements with important markets (e.g., Chile recently) were considered very important and necessary for attracting consumers from foreign markets.

Cultural Intelligence

Finally, dealing properly with cultural differences was recognized as important for international service performance. Language training was held by most of the companies studied and speaking English was mandatory for employees and staff. However, none of the companies had established a formal training program to deal with cultural differences, although they recognized the effect of cultural differences on service outcomes such as satisfaction and performance. Interviewees mentioned that academic staff often initially made cultural blunders and then learnt over time how to deal with consumers from different cultural backgrounds. For example, academics teaching a cross-cultural group of students learnt to avoid using teaching material solely from the domestic market and instead incorporated a variety of case studies from different countries.

DISCUSSION AND CONCLUSIONS

While previous research has addressed the outward export activities of professional service firms, this study attempts to expand the literature by investigating the inward export process of professional education services. In particular, the study addresses the main barriers and drivers of export performance, which is a topic that has been neglected in previous research (Bjorkman & Kock, 1997). Since foreign consumers are required to move to a new country to consume the service, inward exporting is likely to be different from the outward export process. In studying the export activities of four Australian education services, the findings

suggest that superior inward export performance for professional education service firms is likely to be attained through the adoption of strategies based on a combination of firm-specific resources and country-specific resources.

The international services literature suggests that the main export barriers for service firms, such as government restrictions, cultural differences, and service quality issues, are located in the foreign market (Reardon et al., 1996; Samiee, 1999; Smith et al., 2006). However, the data show that barriers for inward exporting services derive mainly from the domestic market where the service is provided as opposed to the foreign market. This study identified several barriers and drivers of export performance that are consistent with previous studies of services internationalization: service quality, firm reputation, relational capability, and country of origin image (Coviello & Martin, 1999; Styles et al., 2005).

In addition, several specific barriers and performance drivers to inward exporting of education services were identified. Previous research suggested that the main barriers for international services corresponded to government restrictions, cultural differences, and service quality issues of the foreign market (Reardon et al., 1996; Samiee, 1999; Smith et al., 2006). However, education services confront most of their export barriers in the domestic market where the service is consumed. Australian Government immigration policies and exchange rate fluctuations are specific barriers for services that attract foreign consumers. This supports La et al.'s (2005) contingency approach, which posits that the export process and barriers depend on the characteristics of the service sector.

In terms of drivers of international performance for inward export services, the data also show that firm-specific capabilities, such as the development of networks with home and host market actors, was a way to deal with export barriers. For example, ties with trade associations, universities, or government entities provided service firms with critical resources and market information (Yiu, Lau, & Bruton, 2007). Also, partnering with foreign companies

helped service firms to avoid misunderstandings and nationalistic feelings from foreign consumers.

For intangible professional services such as education, it is difficult for consumers to assess service quality because they cannot inspect or sample the service prior to purchase. Thus, foreign consumers are forced to rely on the company's country-of-origin image, reputation, word-of-mouth, and other communication messages to assess prospective quality. This was confirmed by the findings that showed that country image and firm reputation enhanced international performance for educational organizations. This is consistent with previous internationalization research. For example, Porter (1990) highlighted that many firm-specific resources are rooted in the firm's country of origin. Spar (1997) found that the export performance of law firms was improved if the country-of-origin had a positive image for foreign consumers.

The fact that these companies hired staff with high delivery standards and excellent language abilities allowed them to compete with international education service providers from other developed nations. As a result of the inseparable and intangible nature of consumer services, consumers are forced to interact with the service personnel who are the producers of the service. This "open mindedness" towards different cultures and a willingness to understand the ways in which cultures differ is overall cultural intelligence, which can have an important impact on the perceived performance of consumer service firms (Earley & Mosakowski, 2004). From the resource-based perspective, cultural intelligence is an important service firm capability that can help to develop satisfactory service encounters. This intelligence is difficult for rivals to imitate and is thus a potentially powerful source of competitive advantage (Barney, 1991).

When considering managerial implications, this study provides a number of lessons relevant to professional services attempting to export by attracting foreign consumers to the

domestic market. First, because of the distance between the service and the final consumer, permanent communication activities through agents, visits, and the internet are very important to attract foreign consumers. Providing a high quality service at an international standard is also essential to achieve a good reputation and word-of-mouth recommendations, which are key for intangible services located at a distance. Key service personnel need to have the interpersonal and relationship building skills to attract and retain consumers. Firms could benefit from training their staff to be more culturally aware and sensitive to business issues, as well as understanding variation in personal culture. This can help service firms to gain competitive advantage over their rivals.

This study has two main limitations. First, the study is based on interviews of international managers from one professional service sector, which limit its generalizability to other professional service sectors. In addition, interviewees were company employees who may exaggerate their opinions of firm performance. Additional research that considers the export process of service firms from other sectors will enhance our understanding of overall inward internationalization of services.

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Figure 1: Characteristics of the Interviewees

Respondents	Industry Sector	Position
Interviewee 1	University/ School of Business	Director of International Relations
Interviewee 2	University/ School of Business	International Marketing Director
Interviewee 3	Vocational Training	International Manager
Interviewee 4	Vocational Training	Marketing Manager
Interviewee 5	Language School	Director
Interviewee 6	Language School	International Marketing Officer
Interviewee 7	International High School	Deputy Principal
Interviewee 8	International High School	International Student Director

Figure 2: Model of Inward Export Performance

